



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 9, 1998

Mr. Terence C. Wise
Senior Vice President
First Chicago NBD Corporation
One First National Plaza
Chicago, Illinois 60670

Dear Mr. Wise:

The Secretary of the Board of Governors of the Federal Reserve System, acting pursuant to authority delegated by the Board, and having considered the record of this notice in the light of the relevant statutory factors, has approved the notice, pursuant to section 4 of the Bank Holding Company Act (12 U.S.C. § 1843) ("BHC Act"), of First Chicago NBD Corporation, Chicago, Illinois ("FCNBD"), to acquire Roney & Co., L.L.C., Detroit, Michigan ("Roney"), and thereby engage in the following nonbanking activities:

- (1) underwriting and dealing, to a limited extent, in all types of debt and equity securities, other than ownership interests in open-end investment companies;
- (2) providing financial and investment advisory services, pursuant to section 225.28(b)(6) of the Board's Regulation Y (12 C.F.R. 225.28(b)(6)); and
- (3) providing securities brokerage, riskless principal, private placement, and other transactional services, pursuant to section 225.28(b)(7) of the Board's Regulation Y (12 C.F.R. 225.28(b)(7)).

FCNBD proposes to merge the business lines of Roney that are engaged in securities underwriting and dealing and related activities with First Chicago Capital Markets, Inc., Chicago, Illinois ("Company"), a wholly owned subsidiary of FCNBD. FCNBD and Company have received Board approval to engage in a wide-range of securities related activities, including

underwriting and dealing in all types of debt and equity securities (other than securities issued by open-end investment companies) on a limited basis.^{1/}

The Board previously has determined by regulation or order that the above-listed activities are closely related to banking.^{2/} FCNBD proposes to conduct these activities in accordance with Regulation Y and relevant Board interpretations and orders.

In approving this transaction, the Secretary has relied on all the facts of record, and all commitments made by FCNBD in the notice and related correspondence, in particular FCNBD's commitment that Company will conduct its bank-ineligible securities underwriting and dealing activities subject to the Board's 25-percent revenue limit.^{3/} In addition, approval of this transaction is subject to the condition that FCNBD and Company comply with the operating standards set forth at 12 CFR 225.200 in conducting bank-ineligible securities

^{1/} See First Chicago NBD Corporation, 83 Federal Reserve Bulletin 784 (1997); First Chicago Corporation, 80 Federal Reserve Bulletin 449 (1994).

^{2/} J.P. Morgan & Co. Inc., et. al., 75 Federal Reserve Bulletin 192 (1989), aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System, 900 F.2d 360 (D.C. Cir. 1990); Citicorp, et al., 73 Federal Reserve Bulletin 473 (1987), aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System, 839 F.2d 47 (2d Cir.), cert. denied, 486 U.S. 1059 (1988); as modified by Review of Restrictions on Director, Officer and Employee Interlocks, Cross-Marketing Activities, and the Purchase and Sale of Financial Assets Between a Section 20 Subsidiary and an Affiliated Bank or Thrift, 61 Federal Register 57,679 (1996) and Amendments to Restrictions in the Board's Section 20 Orders, 62 Federal Register 45,295 (1997) (collectively "Section 20 Orders"); and 12 CFR 225.28(b)(6), (7)(i), (7)(ii), (7)(iii), (7)(v).

^{3/} See Section 20 Orders, as modified by the Order Approving Modifications to the Section 20 Orders, 75 Federal Reserve Bulletin 751 (1989) and 10 Percent Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities, 61 Federal Register 48,953 (1996), and Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities, 61 Federal Register 68,750 (1996).

underwriting and dealing activities. These commitments and conditions are conditions imposed in writing in connection with the findings and decisions herein and, as such, may be enforced under applicable provisions of law. Approval of this notice is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) of Regulation Y (12 CFR 225.7 and 225.25(c)), and to the Board's authority to require reports by, and make examinations of, holding companies and their subsidiaries and to require such modification or termination of activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the BHC Act, and the Board's regulations and orders issued thereunder.

This transaction should be consummated within three months after the date of this letter, unless such period is extended by the Federal Reserve Bank of Chicago. Advice of the fact of consummation should be given in writing to the Reserve Bank.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jennifer J. Johnson", written in a cursive style.

Jennifer J. Johnson
Deputy Secretary of the Board

cc: Federal Reserve Bank of Chicago
Department of Justice